

# CHAIRMAN'S STATEMENT

## 主席報告

### BUSINESS REVIEW

On behalf of the Board of Directors, I am pleased to present the first annual report of Kingboard Laminates Holdings Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2006 since our successful listing on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 7 December 2006.

The overwhelming market response to our initial public offering reflected market confidence in the solid business fundamentals of the Group. The success of the initial public offering laid a new milestone and granted the Group an access to the international capital markets so that we now have the financial agility to capture additional growth opportunities as they arise.

### 業務回顧

本人謹代表董事會，欣然提呈建滔積層板控股有限公司（「公司」）及其附屬公司（「集團」）截至二零零六年十二月三十一日止年度之年報，此乃集團自二零零六年十二月七日成功在香港聯合交易所有限公司（「聯交所」）主板上市後的首份年報。

集團的首次招股反應熱烈，反映市場對集團穩固的業務基礎充滿信心。首次招股成功，標誌著集團進入另一新的里程碑，讓集團成功進入國際資本市場，令集團獲得更強健的財政實力，迎接更多的增長商機。



The listing ceremony of our Company.  
本公司之上市儀式。

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FINANCIAL HIGHLIGHTS	財務摘要
<ul style="list-style-type: none"> <li>Revenue surged 38% to exceed HK\$8.4 billion</li> </ul>	<ul style="list-style-type: none"> <li>營業額大幅增加38%，突破八十四億港元</li> </ul>
<ul style="list-style-type: none"> <li>Pre-tax profit margin increased to 22%</li> </ul>	<ul style="list-style-type: none"> <li>除稅前邊際利潤率增至22%</li> </ul>
<ul style="list-style-type: none"> <li>Profit attributable to equity holders of the Company grew by 52% to HK\$1,638.1 million</li> </ul>	<ul style="list-style-type: none"> <li>本公司權益持有人應佔溢利增長52%至十六億三千八百一十萬港元</li> </ul>
<ul style="list-style-type: none"> <li>Return on equity attributable to equity holders of the Company advanced to 34.9%</li> </ul>	<ul style="list-style-type: none"> <li>本公司權益持有人應佔權益回報率增加至34.9%</li> </ul>
<ul style="list-style-type: none"> <li>Healthy financial position with net gearing at 24%</li> </ul>	<ul style="list-style-type: none"> <li>財政狀況穩健，淨負債比率為24%</li> </ul>

### PERFORMANCE

On the back of positive market conditions especially at the emerging markets in 2006, demand for consumer electronics product remained robust. Being the largest laminate producer in the world, the Group was able to take full advantage of our vertically integrated business model with a competitive cost structure to continuously gain share in the global laminate market. Our comprehensive product portfolio enabled us to further broaden our customer base and enter new markets. Sales of paper laminate, glass epoxy laminate and composite epoxy material (CEM) laminate each continued to attain respectable growth in the year.

Consolidated revenue of the Group was up 38% from fiscal year 2005 to HK\$8,472.4 million. Earnings before interest and tax ("EBIT") rose even higher by 47% to HK\$1,960.3 million over previous year. Volume sales were up by around 14% with the average monthly shipment reaching 6.7 million sq. meters. Revenue growth had outpaced volume growth because of tight supply of upstream raw materials which resulted in higher average selling price of laminate.

### 業務表現

在二零零六年，消費性電子產品的需求依然強勁，尤其是新興市場更見理想。作為全球最大的覆銅面板生產商，集團能充分利用其垂直整合經營模式的優勢，及具競爭力的成本架構，繼續擴大其於全球覆銅面板市場的所佔份額。集團擁有多元化的產品組合，可進一步拓寬客戶基礎和拓展新市場。紙覆銅面板、環氧玻璃纖維覆銅面板及複合基材覆銅面板之業務，在年度內均繼續錄得可觀增長。

集團之綜合營業額達八十四億七千二百四十萬港元，較二零零五財政年度增加38%。未扣除利息及稅項盈利較去年增加47%至十九億六千零三十萬港元。銷售量增加14%，每月平均出貨量達六百七十萬平方米。由於上游原材料供應緊張，令產品平均售價得以上調，故營業額的增幅大於銷售量的增幅。

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Coupled with better cost structure, the capacity expansion of our manufacturing facilities in Fogang, Guangdong province had contributed positively to the EBIT margin expansion. In addition, other upstream component materials businesses such as copper foil, glass yarn and glass fabric had provided a strong foundation to this sterling earning growth as the Group benefited from the stable supply of quality raw material at competitive costs along the vertically integrated supply chain.

集團在廣東省佛岡的廠房擴大產能後，其營運成本得以進一步下降，有助集團進一步改善未扣除利息及稅項的盈利。此外，其他上游物料如銅箔、玻璃絲及玻璃纖維布等業務，在垂直生產供應鍊中擔當重要一環，為集團提供穩定及具競爭力的優質原材料，有助集團建立穩固的業務根基，令集團錄得可觀的盈利增長。



Kingboard is the largest laminate manufacturer in the world.  
建滔現時為全球最大之覆銅面板製造商。



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The increase in distribution costs by 29% was in line with the increased shipment volume of laminates and other upstream component materials. Compared to the magnitude of the revenue growth, administrative expenses increased by only 6.3% as a result of our tight control over costs. Our effective tax rate stood at 7.7%, being similar to last year.

### LIQUIDITY AND CAPITAL RESOURCES

The financial position of the Group continued to be healthy. As at 31 December 2006, net current assets and current ratio of the Group were approximately HK\$3,873.0 million (31 December 2005 – HK\$1,091.3 million) and 2.87 (31 December 2005 – 1.14) respectively.

The net working capital cycle improved from 158 days as at 31 December 2005 to 124 days as at 31 December 2006 on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 81 days (31 December 2005 – 74 days)
- Trade receivables including amounts due from fellow subsidiaries, in terms of debtors turnover days, improved to 100 days (31 December 2005 – 140 days)
- Trade and bills payables including amounts due to fellow subsidiaries, in terms of creditors turnover days, improved marginally to 57 days (31 December 2005 – 56 days)

The Group's ratio of interest bearing borrowings net of cash to total equity ("net gearing ratio") was 24% as at 31 December 2006. 82% of the total bank borrowings came from the draw-down of HK\$2,535 million of a 5-year term loan and revolving loan facilities in December 2006. The proportion of bank borrowings between short term and long term bank borrowings stood at 18%:82% (31 December 2005: 74%:26%). All bank borrowings were denominated in either Hong Kong or US dollars.

由於覆銅面板和其他上游物料付運量增加，分銷成本增加了29%。由於集團嚴格控制成本，相對收入增長的幅度，行政開支僅增加6.3%。集團的實際稅率維持在7.7%，與上年度相若。

### 流動資金及財務狀況

集團的財政狀況持續保持穩健。於二零零六年十二月三十一日，流動資產淨值約為三十八億七千三百萬港元（二零零五年十二月三十一日：十億九千一百三十萬港元），流動比率則為2.87（二零零五年十二月三十一日：1.14）。

淨營運資金週轉期由二零零五年十二月三十一日的一百五十八日改善至二零零六年十二月三十一日的一百二十四日，細分如下：

- 存貨平均週轉期增加至八十一日（二零零五年十二月三十一日：七十四日）
- 貿易應收款項（其中包括來自同系附屬公司之貿易應收款項）平均週轉期改善至一百日（二零零五年十二月三十一日：一百四十日）
- 貿易應付帳款（其中包括來自同系附屬公司之貿易應付帳款）平均週轉期輕微改善至五十七日（二零零五年十二月三十一日：五十六日）

於二零零六年十二月三十一日，集團扣除現金後之附息借貸與資本總額比率（「淨負債比率」）為24%。集團82%的銀行借貸來自於二零零六年十二月一項五年期貸款及循環貸款額度中提取了二十五億三千五百萬港元。短期與長期借貸的比例為18%:82%（二零零五年十二月三十一日：74%：26%）。集團的所有銀行借貸，均以港元或美元訂立。

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Our recurrent operating cash inflow was strong and positive even after funding working capital requirement, capital expenditure and payment of interest and tax during the year. In 2006, the Group had invested HK\$812.8 million in new production facilities in order to tap on the enormous business opportunities ahead in China and overseas markets.

The Group continued to adopt prudent financial management policy including the use of interest rate swap contract to minimize its exposure to fluctuation in interest rates movement. There is no material foreign exchange exposure to the Group during the year under review. The Group's revenue, mostly dominated in Hong Kong dollars, Renminbi and US dollars, was fairly matched with the currency requirements of operating expenses.

集團的經常性營運現金流入強勁，在扣除營運資金所需、資本性開支以及支付利息及稅項後，現金流入依然維持正數。集團於二零零六年投資了八億一千二百八十萬港元添置新的生產設施，以便為開拓中國及海外市場的龐大業務商機做好準備。

集團採取審慎財務管理政策，包括利用利率掉期合約，以減低利率波動所帶來的風險。在回顧年度內，集團並無重大的外匯風險。集團的收入主要以港元、美元及人民幣結算，與營運開支的貨幣要求比例大致相符。



Our production facilities are strategically located in the key PCB manufacturing provinces in the southern and eastern parts of China.

本集團之生產設施策略性地位於華南及華東主要製造印刷線路板之省份。



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### USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company was successfully listed on the Stock Exchange on 7 December 2006. Net proceeds from the issuance of new shares amounted to approximately HK\$1 billion and its proposed applications are set out as follows:

### 公司首次招股所得款項之用途

公司於二零零六年十二月七日成功於聯交所上市，發行新股之所得款項約為十億港元，計劃之用途表列如下：

		Amount Proposed application amount	Unutilized amount as at 31 December 2006 於二零零六年 十二月三十一日 已動用金額	Unutilized amount as at 31 December 2006 於二零零六年 十二月三十一日 仍未動用金額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
– repayment of bank borrowings	償還銀行借款	281,000	281,000	0
– for future capital expenditure	支付未來資本性開支	693,700	32,063	661,637
– as general working capital	作為一般營運資金	89,600	89,600	0
Total	總額	1,064,300	402,663	661,637

The remaining unutilized net proceeds are placed as short term deposits with licensed banks in Hong Kong.

餘下仍未動用之所得款項以短期存款方式存放於香港持牌銀行。

### HUMAN RESOURCES

As at 31 December 2006, the Group had a workforce of over 7,200 (31 December 2005: 6,600). The increase in headcount was in line with our ongoing expansion blueprint. Other than offering competitive salary package, the Group grants discretionary bonuses to eligible employees based on our financial achievement and individual's performance.

### 人力資源

截至二零零六年十二月三十一日，本集團合共聘用員工超過七千二百人（二零零五年十二月三十一日：六千六百人），員工人數增加主要為配合集團業務擴展之步伐。集團除了提供具競爭力的薪酬待遇之外，亦會根據公司的財政狀況和個別員工的表現，發放特別獎金予合資格員工。

### PROSPECTS

Our remarkable operating performance has put the Group in an excellent position to invest in future earnings growth. The Group will continue to focus on our core strategies to expand market share while preserving competitive cost structure with our winning vertically integrated business model.

### 前景

集團取得卓越的營運表現，為未來的盈利增長建立了良好的優勢。集團將繼續專注於其核心策略去擴大市場份額，並透過本身一直成功運作的垂直整合營運模式，保持具競爭力的成本架構。

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After some brief softness in demand for laminates at the start of 2007 due to seasonal effect of Chinese Lunar New Year, our laminate order book has picked up since March 2007 and our plants are currently operating near full capacity. In anticipation of growing demand for more sophisticated electronics product, the Group will develop new products and continue to expand production capacity of glass epoxy laminate and upstream component materials so as to capture new business opportunities in the global market place. We aim to achieve our continuous sales growth by strengthening our relationship with brand name manufacturers and expanding our presence in overseas markets such as India and Russia.

The Group sets to expand the monthly production capacity of glass epoxy laminate by 35% in 2007. To capitalize on the cost advantages, the production facilities at Fogang, Guangdong province will expand further by 400,000 sheets monthly by end of 2007. The new glass epoxy laminate factory in Jiangyin, Jiangsu province will raise our monthly production capacity by another 600,000 sheets by end of 2007. This is in line with our strategy to enhance our market presence in eastern China where there is rapid growth in electronics industry. In addition, to support laminate capacity growth, the capacity expansion of upstream component materials including copper foil, glass yarn and glass fabric is planned in tandem in 2007. The new epoxy resin plant in Jiangyin, Jiangsu province will commence trial operation by April 2007. All this additional capacity will strengthen our cost competitiveness and enables us to capture market share in future.

受農曆新年假期的季節性影響，覆銅面板需求在二零零七年初略為放緩，然而訂單自二零零七年三月起已重上軌道，而集團各廠之產能亦已接近飽和。集團預期高檔電子消費品的需求將日益增加，集團將開發更多新產品，並會擴大環氧玻璃纖維覆銅面板產品及其他上游物料的產能，藉此捕捉全球市場新的商機。管理層期望透過與品牌電子產品生產商加強業務關係，以及在印度和俄羅斯等海外市場擴展業務，達至銷售額持續增長的目標。

集團計劃在二零零七年內，將環氧玻璃纖維覆銅面板的產能增加35%。為善用廣東省佛岡的生產設施的成本優勢，集團計劃在二零零七年底，每月額外增加該廠的覆銅面板產能四十萬張。集團於江蘇省江陰之環氧玻璃纖維覆銅面板新廠，亦預算在二零零七年底每月額外增加產能六十萬張，從而鞏固集團在中國華東市場的地位，以配合當地電子業的快速增長。另外，為配合覆銅面板的產能擴展，集團計劃在二零零七年內將銅箔、玻璃絲及玻璃纖維布等上游物料的產能擴大。集團於江蘇省江陰的新環氧樹脂廠亦將於二零零七年四月開始試產。以上新增之產能將進一步強化集團的成本競爭優勢，藉以擴大集團在未來的市場份額。

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An annual meeting is usually held in January to set new targets for that year.  
集團通常於每年一月舉行年會，訂定該年新的目標。

### APPRECIATION

Finally, on behalf of the board of Directors ("Board"), I would like to take this opportunity to express my sincere gratitude to our shareholders, customers, banks, the management and employees for their unreserved support to the Group.

**Cheung Kwok Wa**  
Chairman

Hong Kong, 28 March 2007

### 致謝

最後，本人謹代表董事會（「董事會」）藉此機會向各位股東、客戶、銀行、管理人員及員工對本集團毫無保留的支持致以衷心感謝。

主席  
張國華

香港，二零零七年三月二十八日